

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF STAR	)	APPEAL NO. 06-A-2009
FRIENDS CHURCH, INC. from the decision	)	
of the Board of Equalization of Ada County	)	FINAL DECISION
for tax year 2006.	)	AND ORDER

**RELIGIOUS EXEMPTION APPEAL**

THIS MATTER came on for hearing August 24, 2006, in Boise, Idaho, before Presiding Officer Lyle R. Cobbs. Board Member David E. Kinghorn participated in this decision. Attorney Laura E. Burri appeared for Appellant together with Church Elders Stan Morse and Brent Bly. Attorney Lorna K. Jorgensen appeared for Respondent Ada County. This appeal is taken from a decision of the Ada County Board of Equalization denying a religious exemption for property tax purposes to property described as Parcel No. R8108000815.

**The issue on appeal is whether the subject property qualifies for an exemption from property taxes pursuant to Idaho Code § 63-602B, the religious exemption.**

**The decision of the Ada County Board of Equalization is reversed.**

FINDINGS OF FACT

The Ada County Commissioners sitting as the Board of Equalization denied a tax exemption to the subject parcel for 2006. Historically, the parcel had been exempted for many years. Appellant seeks a full exemption from property taxes contending the entire parcel is used for qualifying religious purposes, specially and particularly including the parsonage.

The subject parcel shares a lot line with an adjacent church parcel owned by Appellant. The main church sanctuary building straddles the shared lot line. On the subject parcel also sits a “parsonage” and another building with the “youth room”. Outdoor recreational areas are included on the subject parcel.

Ada County found the use of the parsonage by a church designated “youth pastor” was

not within the statutory scheme. Appellant maintains the use of the building is consistent with that of a parsonage and thus does qualify for exempt tax treatment.

Appellant has called two pastors to serve their congregation. One is sometimes referred to as the pulpit pastor, or alternately the senior pastor. This individual preaches to the entire congregation on Sundays. The second pastor does not preach to the full congregation, but ministers to a subset of the congregation, i.e. the youth. The current pulpit pastor owns his own home and apparently declined the opportunity to live in the parsonage. The church made the parsonage available to the youth pastor free of charge. In connection with occupying the parsonage, the youth pastor additionally provides some yard maintenance and security to the overall property as have prior minister occupants.

Star Friends Church does not require ordained ministers per se. The local congregation calls its own ministers (pastors.) This process was followed for both the pastors currently designated by the church to serve within the local congregation. An elder board also shares in the pastoral ministry and leadership.

The youth pastor meets regularly (weekly) and at other times with the youth of the congregation. The youth pastor performs Bible teaching and counseling, and organizes and leads service opportunities and recreational pursuits for the youth. This pastoral position does not preach to the entire congregation, nor is this pastor considered to be the senior pastor.

The facts in this case are not in dispute.

Respondent Ada County argued the parsonage must be occupied by “the” senior pastor of the whole congregation to be exempted. Further where the County held a part of the parcel was not being used in an exempt fashion, the “exclusively used” language within the statute required the entire parcel be nonexempt.

## CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value or exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The claim for exemption is made under Idaho Code § 63-602B (2006), titled "Property exempt from taxation -- Religious corporations or societies". The text of the statute provides in full as follows.

The following property is exempt from taxation: property belonging to any religious corporation or society of this state, *used exclusively for and in connection with public worship, and any parsonage belonging to such corporation or society and occupied as such*, and any recreational hall belonging to and used in connection with the activities of such corporation or society; and this exemption shall extend to property owned by any religious corporation or society which is used for any combination of religious worship, educational purposes and recreational activities, not designed for profit. (*Emphasis added.*)

Ada County denied an exemption because the parsonage was not occupied by "the" senior pastor. There were additional concerns raised as well, for instance one dealing with ordination of ministers. This case turns primarily on whether a parsonage occupied by an associate minister, who does not preach to or have direct responsibility for the entire congregation, is a qualifying use under the statute above. The County admits the ownership element is met and that other uses on the subject parcel are consistent with the statutory scheme.

As in the case here, parsonages permit a means for church congregations to provide material support to its ministers and in so doing to free up the pastor to provide spiritual support for the local congregation and in turn the community. As it is generally understood, a parsonage

is the customary term used to denote a house set aside as the residence for a minister of a local congregation. This is consistent too with the legal meaning of the term within the statute above.

In this instance, the more senior of Appellant's two designated pastors owns a home and chooses not to live in the parsonage. This opened up the subject parsonage for other church uses. Star Friends Church chose to offer the parsonage as living quarters for its associate (youth) pastor. The subsequent arrangement appears virtually identical to what it would have been with the churches pulpit pastor living in the parsonage. In addition to spiritual duties, the youth minister or parsonage-minister provides some yard care and onsite security.

Wide diversity in church government and ordination practices has long existed. The religious exemption statute could not select one method over another without respecting one religion over another. The statute regarding parsonage must not be read too strictly to suggest an unconstitutional meaning that would favor one form of church government, and thus potentially a particular religion, over another.

Appellant may chose to designate two ministers to equal or non-equal status as opposed to having a single parson for the local congregation. There is no problem or question here that both ministers serve the local congregation in respective fashions, one focusing more with full congregation preaching and the other with ministry to younger constituents of the same immediate congregation. Both are fairly characterized as called or designated pastors to the local congregation. This pastoral ministry is supported or complimented by an elder board, all serving and leading the local congregation. The parsonage is onsite with the rest of the church property and worship facilities. The facts in this case are clearly different from those in *The Corp. of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints v. Ada County*, 123 Idaho 410, 849 P.2d 83 (1993) and *Ada County Assessor v. Roman Catholic Diocese of Boise*,

123 Idaho 425, 849 P.2d 98 (1993).

How the local church chose to remunerate its two pastors should not bare on the church's property qualification for special tax treatment. The parsonage is occupied by a pastor in the customary sense toward ultimately furthering religious purposes. Which purposes are in the first instance directly tied to a local congregation. The County emphasis on the article "the", and then the subsequent application of this to the facts in this case, simply went astray of the law.

There has been rather extensive review by Idaho's High Court regarding parsonages, albeit focusing on quite different fact sets. The Court was careful not to extend the Idaho exemption to all residences that might be owned and used by a church organization and its officials, but it was also careful to find a certain residential use would qualify or give effect to the term parsonage and the intended exemption.

In this case, one of Appellant's two congregation ministers stays in the parsonage and that use is found to be part and parcel within the letter and spirit of the religious exemption statute. The statute does not require a minister possess or be labeled with a certain classification, or that the pastor posses a certain high standing in relation to others. It is enough that a designated minister be living in the parsonage and be serving in an official and regular pastoral capacity to the local congregation, and thus effectively furthering traditional church purposes.

The local church considered the youth minister's responsibilities and contributions sufficient to set apart a parsonage housing arrangement. The church is entitled to divide the labors and payments between multiple pastors as it sees fit. Where the subject parsonage is occupied by a designated pastor who is serving regularly within the local congregation, the Board will grant the Star Friends Church exemption request and reverse the decision of the Ada County Board of Equalization.

## FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed fully exempting subject from property taxes for 2006.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 9<sup>TH</sup> day of February, 2007.